

RJR Promotional Spending Effectiveness

RJR Promotional Spending

- ◆ What is the available data ?
- ◆ Where is the data obtained ?
- ◆ How is it measured ?
- ◆ How can the data be effectively used ?

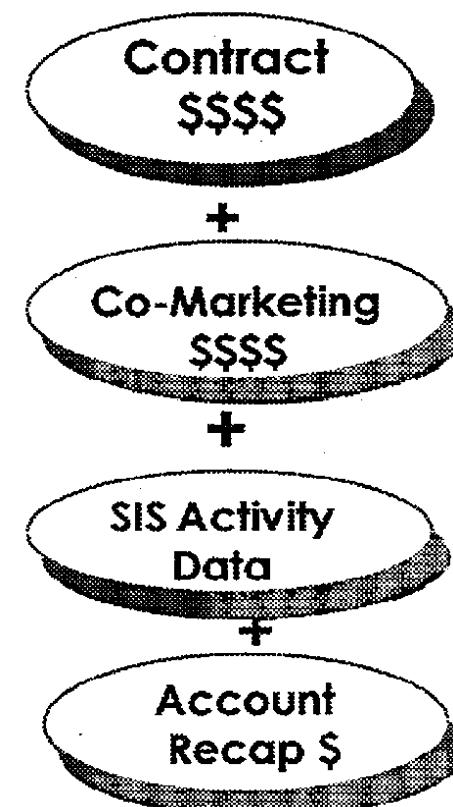
RJR Promotional Spending

Available Data

- ◆ Pay Register (contractual payments)
- ◆ Co-Marketing Program - Monies spent
- ◆ SIS Activity Summary
 - > Six month "window"
 - > Estimate spending for one year period for impact
- ◆ SIS Account Recap
 - > Coupon Payments
 - > "Other" Payments

RJR Promotional Spending

Measuring Data



Example

Glass Shop Rite Liquor Dover, New Jersey

- ◆ Pack Outlet
- ◆ 500 + cartons per week
- ◆ RJR Base Plan/NSS2/SCPO/FPDT/CMFPKRJR
- ◆ Lorillard PCD
- ◆ B&W PCD

Promotional Spending Example

→ Philip Morris presents Retail Masters "Exclusive"

PM Offer

\$ 605/month

Current RJR Payment

\$ 315/month

Question? How can we sell the retailer on "COEXISTENCE"?

RJR Promotional Spending

Total RJR Spending (annual)

Contractual	\$ 3,780
Co-Marketing	1,404
Promotional (estimated)	4,700
"Other"	<u>655</u>
Total	\$ 10,539

RJR Promotional Spending

Comparison of PM Offer Vs. Coexistence (annual)

PM Exclusivity (+Flex)

\$ 9,660

Co-Existence

RJR Contractual	\$ 3,780
RJR Co-Mktg	\$ 1,404
RJR Promo Spending	\$ 5,355
Lorillard	\$ 990
B&W/ATC	<u>\$ 2,100</u>
	\$ 13,629

+ \$ 3,969

PACK OUTLETS

1994

 RETAIL MASTERS
 SELF SERVICE-PACK OUTLETS
 PM WEEKLY VOLUME LEVEL 1 LEVEL 2 EXCLUSIVITY- CON. PAY.

PM FLEX EXCLUSIVE FLEX

< 30	\$0	\$0	\$0	\$0	N/A
30-48	\$0	\$0	\$0	\$0	N/A
49-64	\$110	\$147	\$24	\$24	N/A
65-77	\$138	\$184	\$31	\$31	N/A
78-89	\$163	\$217	\$36	\$36	N/A
90-103	\$188	\$251	\$42	\$42	N/A
104-122	\$220	\$293	\$49	\$49	N/A
123-146	\$262	\$349	\$58	\$58	N/A
147-177	\$316	\$421	\$70	\$70	N/A
178-210	\$316	\$421	\$84	\$98	N/A
211-255	\$316	\$421	\$100	\$131	N/A
256-304	\$316	\$421	\$121	\$172	N/A
305-367	\$316	\$421	\$145	\$220	N/A
368-438	\$316	\$421	\$174	\$278	N/A
439-527	\$316	\$421	\$209	\$348	N/A
528-630	\$316	\$421	\$250	\$432	N/A
631-759	\$316	\$421	\$300	\$532	N/A
760-908	\$316	\$421	\$361	\$652	N/A
909-1093	\$316	\$421	\$433	\$797	N/A
1094-1308	\$316	\$421	\$520	\$970	N/A
1309-1573	\$316	\$421	\$623	\$1,178	N/A
1574-1886	\$316	\$421	\$749	\$1,428	N/A
1887-2265	\$316	\$421	\$898	\$1,727	N/A
2266-2716	\$316	\$421	\$1,078	\$2,087	N/A
2717-3261	\$316	\$421	\$1,294	\$2,518	N/A
3262-3912	\$316	\$421	\$1,553	\$3,036	N/A
3913-4695	\$316	\$421	\$1,863	\$3,657	N/A
4696-5634	\$316	\$421	\$2,236	\$4,403	N/A
5635-7031	\$316	\$421	\$2,742	\$5,297	N/A
7032-7842	\$316	\$421	\$3,220	\$6,371	N/A
7843-10007	\$316	\$421	\$3,864	\$7,659	N/A
10008-11412	\$316	\$421	\$4,637	\$9,205	N/A
11413-14231	\$316	\$421	\$5,564	\$11,060	N/A

1995

 RETAIL MASTERS
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51847 3228

SUMMARY OF CHANGES

- 1- CONTRACT PAYMENT: CAP EXTENDED 2 LEVELS- NEW MAX PAYMENT IN PACK OUTLETS IS \$605
- 2- EXCLUSIVITY CONTRACT PAYMENT- NO CHANGE
- 3- FLEX PAYMENT NO LONGER INCREASES AFTER VOLUME CAP- STAYS CONSTANT AT .10 PER CARTON ON ENTIRE GRID
- 4- FLEX FUND FOR EXCLUSIVE ACCOUNTS DOUBLES COMPARED TO 1995 NON-EXCLUSIVE ACCOUNTS- EQUAL TO .20 PER CTN

= CHANGE FROM 1994